

Business Results of Second Quarter, FY2011

Creative Links to World Electronic

Nov 7th 2011

Hirose Electric
Co.,Ltd

Cautionary Statement

In this material, there are descriptions based on current estimation by Hirose Electric. Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the *forward-looking statements. Thank you for your understanding.

*Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. These statements are based on management’s assumptions and beliefs in light of the information currently available to it.

Business Situation of 2Q FY2011

{1Q FY2011}

Order level of April were high because of the ahead-of-schedule order influence after the earthquake. However, order level of May and June were sluggish mainly due to the effect of rebound from ahead-of-schedule order in March and April, the lag in mobile and smartphone business in partial overseas big company and China, and the production decrease in automotive due to the earthquake.

On the other hand, sales were fairly steady.

1Q FY2011 results settled on -1.1% YoY in order level (-1.6% over 4Q FY2010), 6.2% YoY in sales level (10.8% over 4Q FY2010)

{2Q FY2011}

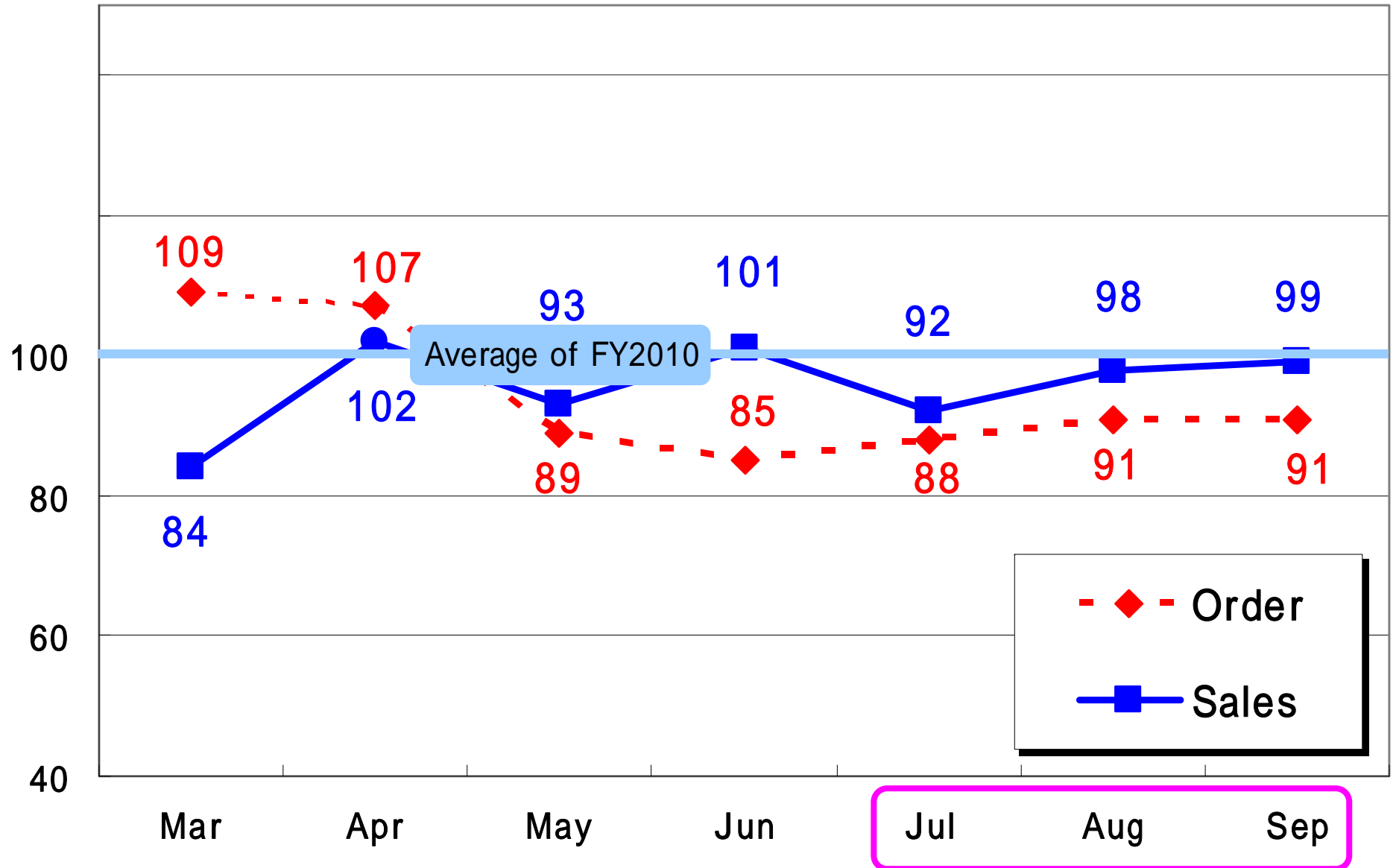
Recovery seen in Mobile/Smartphone and Automotive market, which had been sluggish in 1Q. Industrial is still influenced by the ahead-of-schedule order after the earthquake, and remains in low level. On the other hand, although the level is not high, sales were fairly steady.

2Q FY2011 settled on 3.0% YoY in order level (-6.5% over 1Q FY2011), 0.8% YoY in sales level (-2.0% over 1Q FY2011)

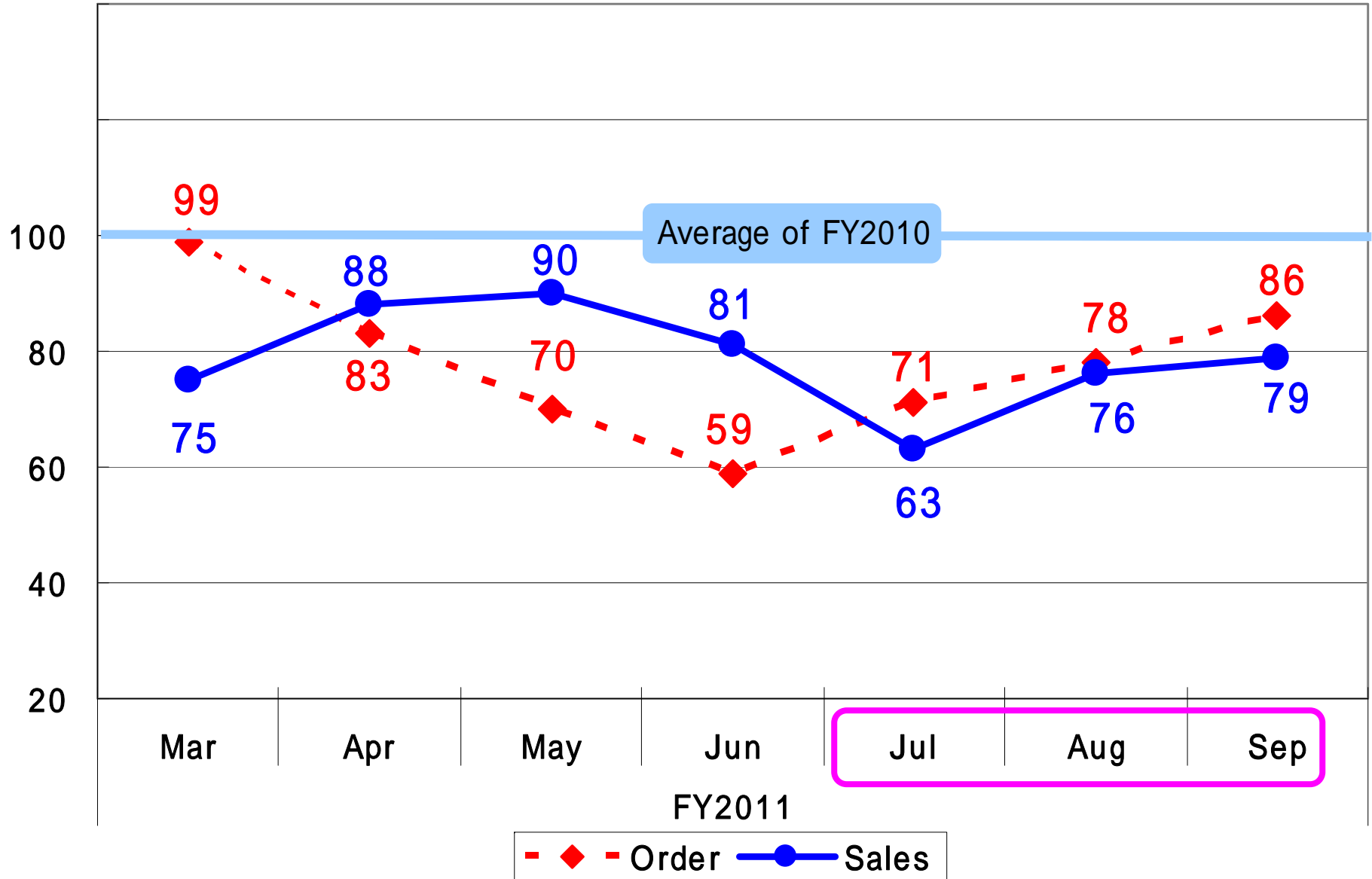
{1Q & 2Q FY2011}

1Q & 2Q (total) FY2011 settled on 480.0 hundred million yen in order level (1.2% YoY), 491.8 hundred million yen in sales level (3.5% YoY), 123.0 hundred million yen in recurring profit (-8.3% YoY).

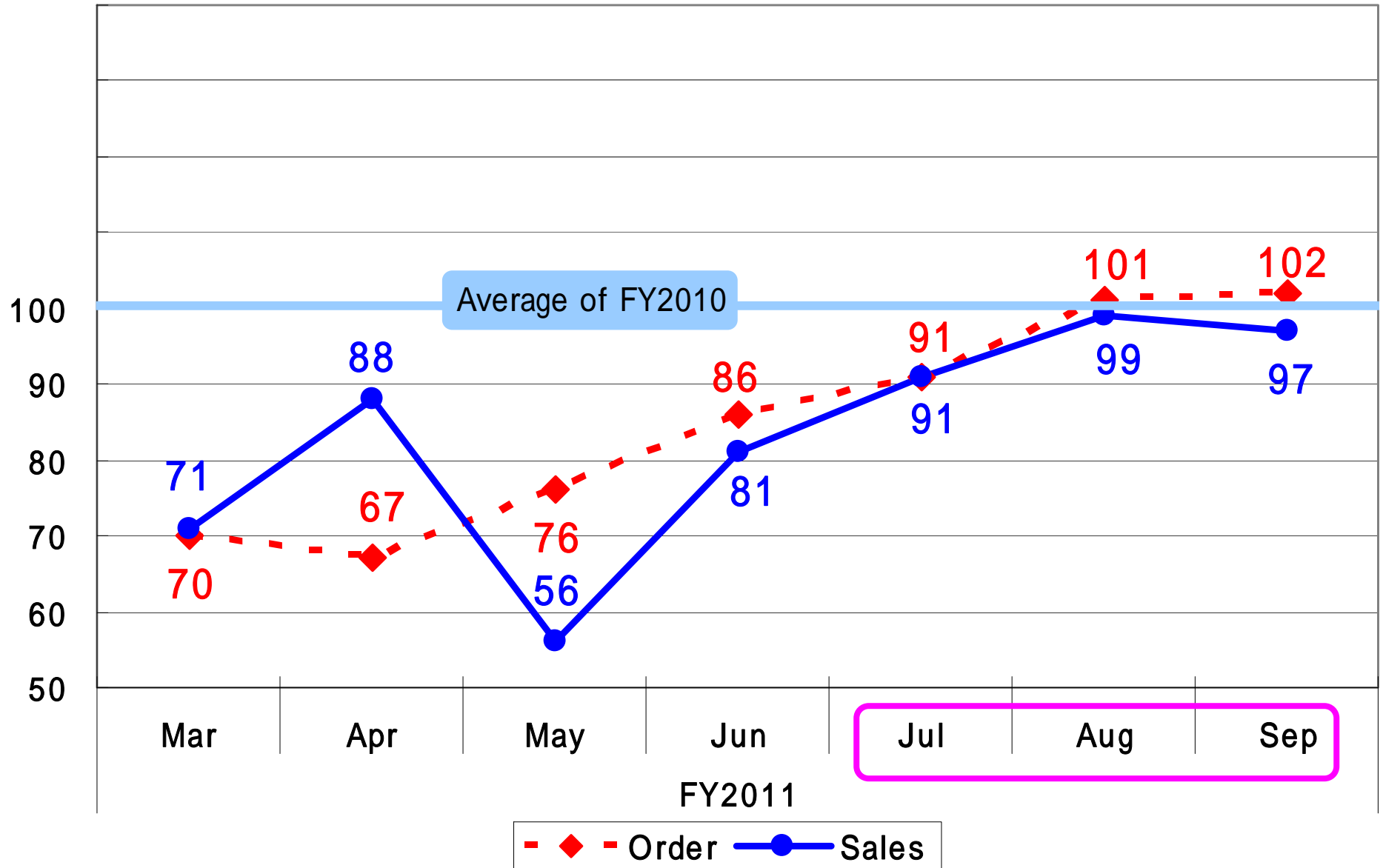
FY2011 Mar-Sep Orders and Sales Changes (Domestic Consolidation Basis, Index Number)



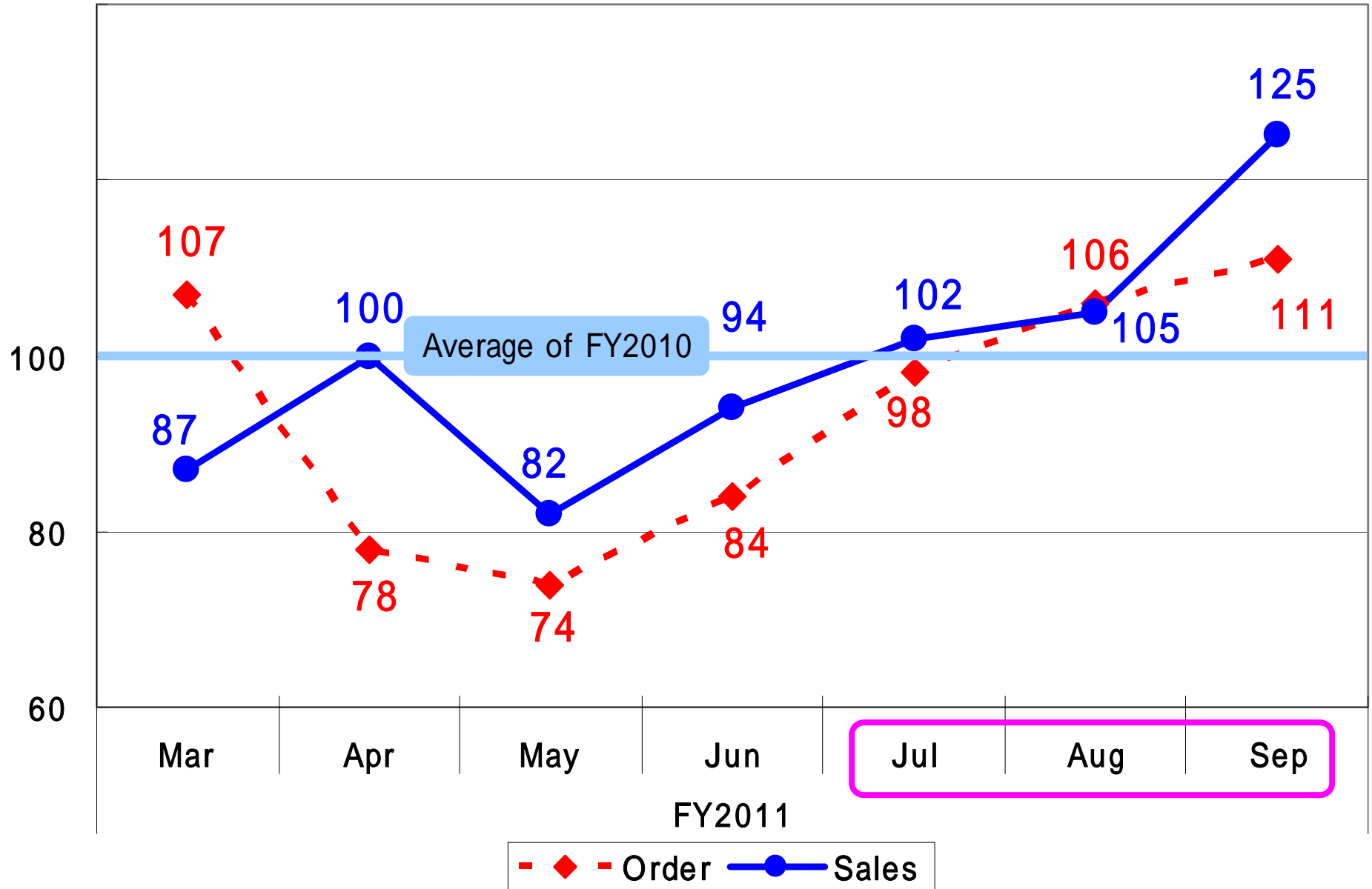
Mobile / Smartphone



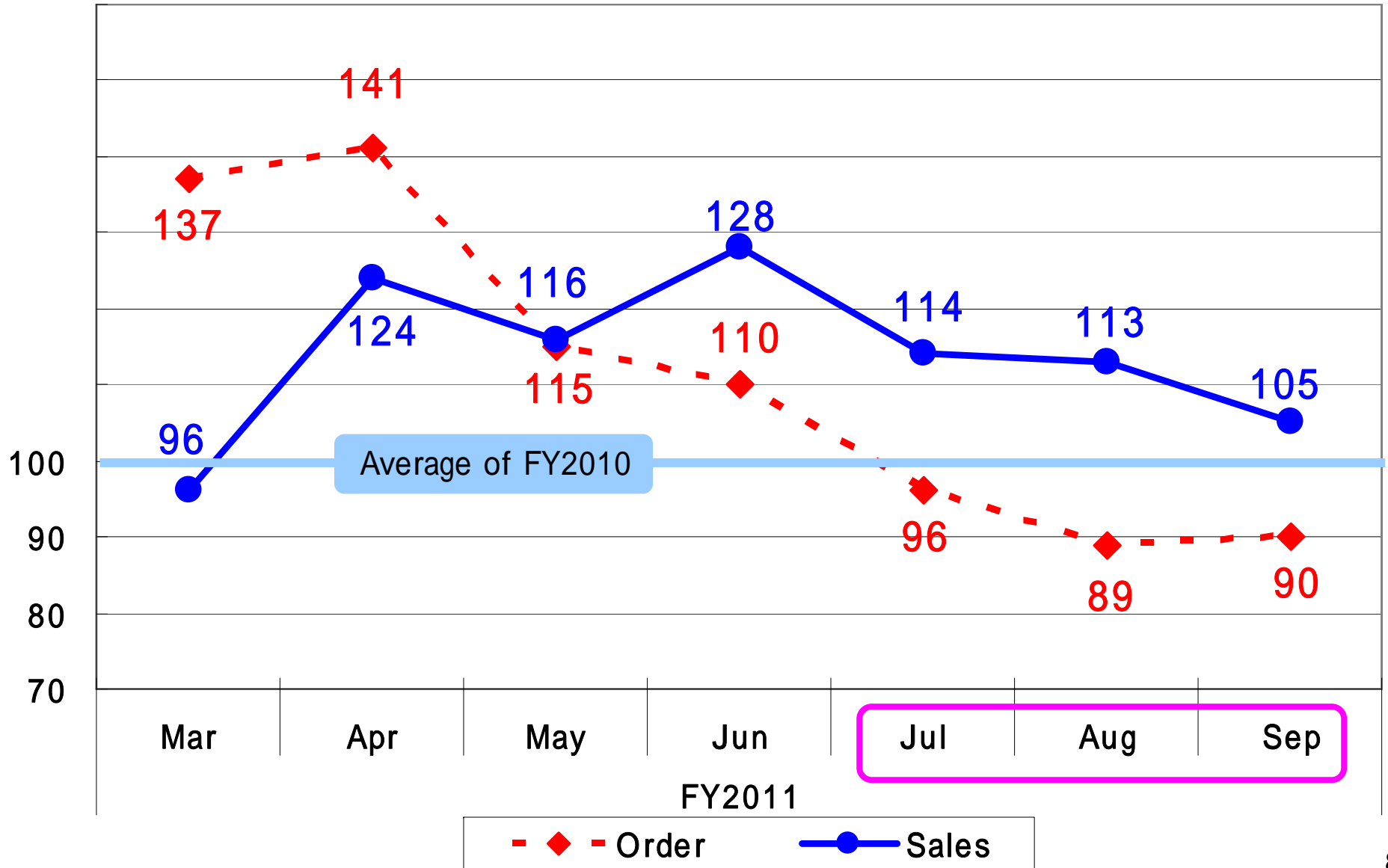
Digital Consumer Electronic



Automotive



**Associated Electric Equipment,
FA Controlling Device, and Others**



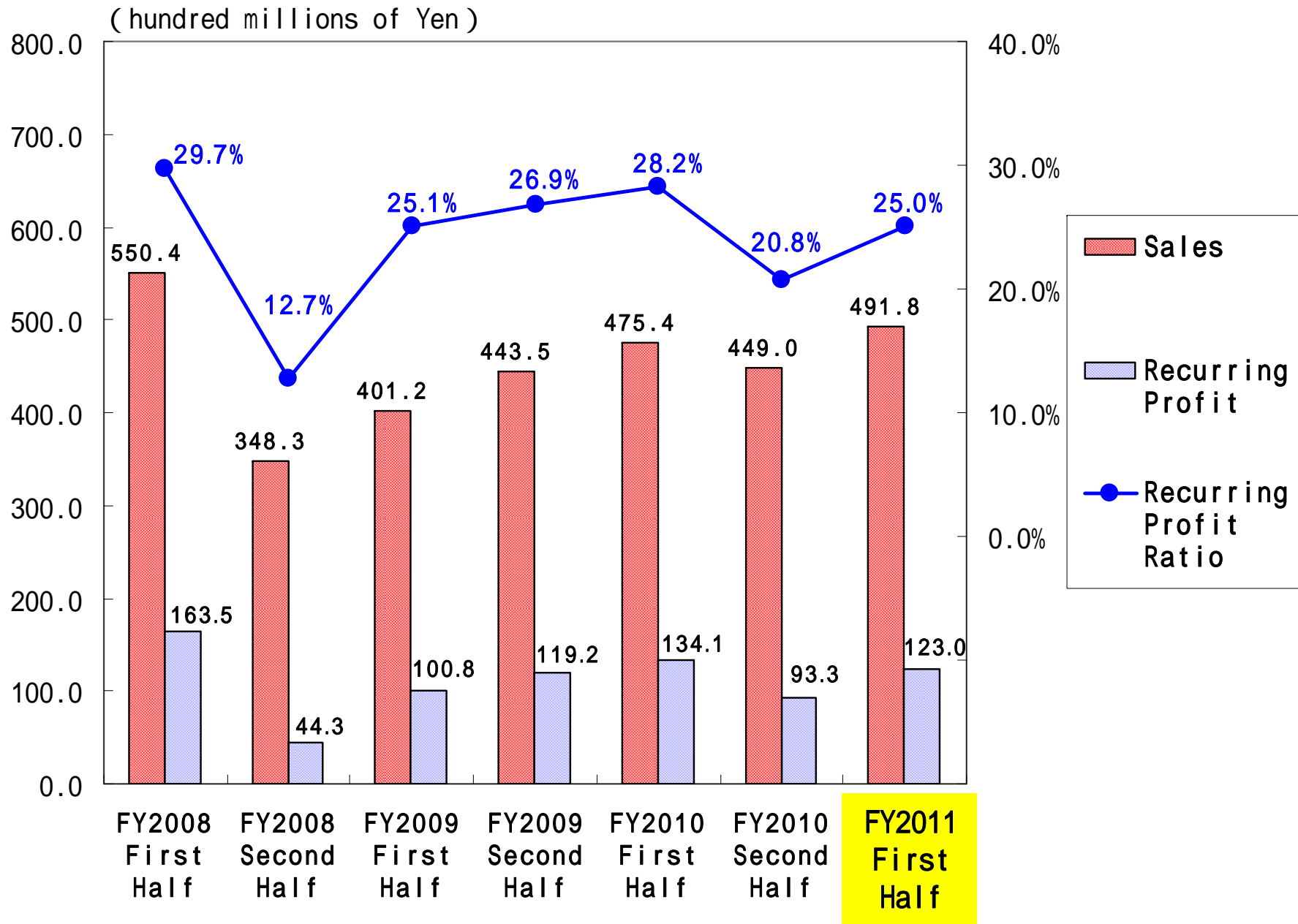
Business Results for 2Q FY2010

Note) Green Italics number: data announced on Aug 2011

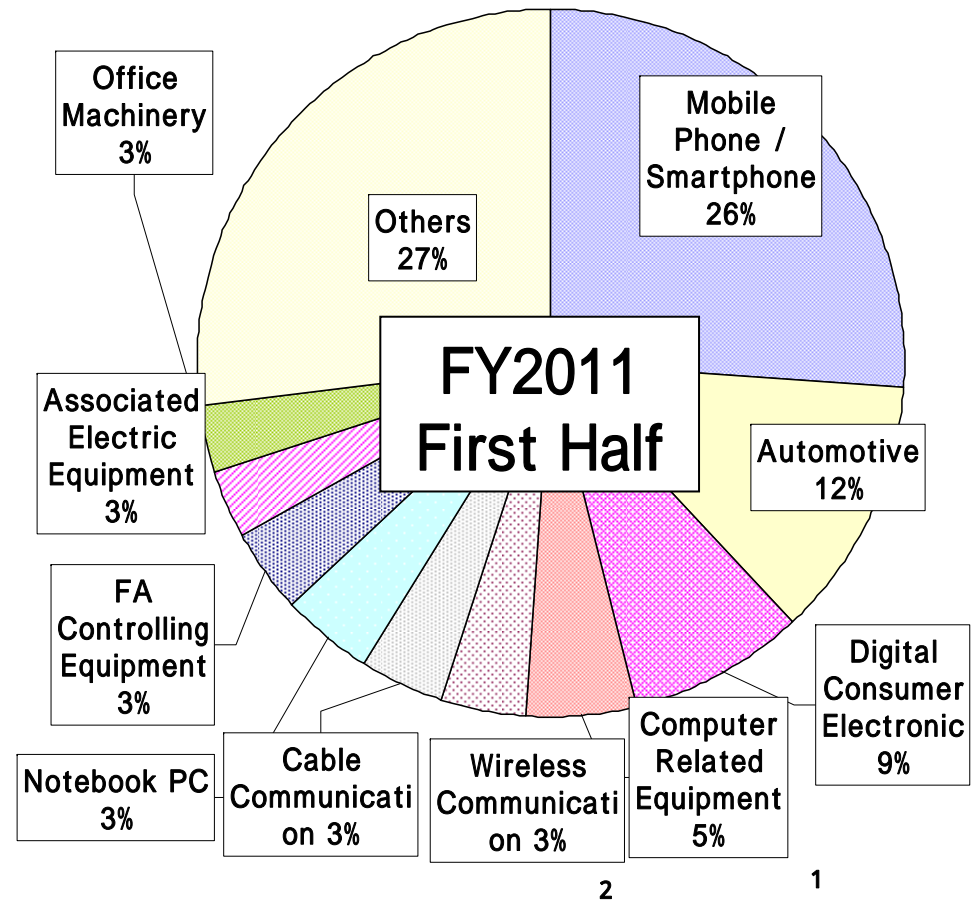
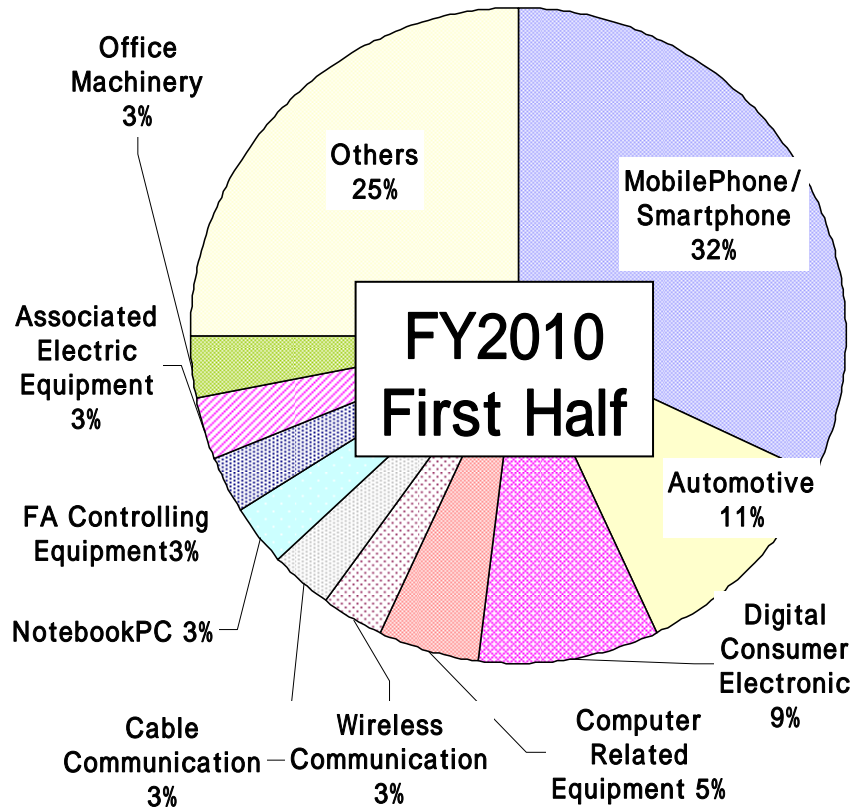
(hundred millions of Yen)

	(A)FY2010 1Q & 2Q	(B)FY2011 1Q & 2Q	(B)-(A)	(B)/(A)	Major changes over prior same period (unit: hundred millions of Yen)
Sales	475.4	491.8	16.5	3.5%	[Sales] 16.5 increase Overseas Hirose -39.8 Subsidiaries -2.5 Korea +60.3
(COGS Ratio)	<i>(54.0%)</i>	<i>(57.4%)</i>	<i>(+3.4%)</i>		[COGS Ratio] 3.4 point increase
(SGA Ratio)	<i>(18.4%)</i>	<i>(19.0%)</i>	<i>(+0.6%)</i>		Purchase Cost Ratio 41.9% 42.7%
Operating Profit	131.1	116.1	-14.9	-11.4%	Depreciation Ratio 5.0% 6.2 %
(%)	<i>27.6%</i>	<i>23.6%</i>	<i>(-4.0%)</i>		Labor Cost Ratio 3.8% 4.8%
Recurring Profit	134.1	123.0	-11.1	-8.3%	[SGA Ratio] 0.6 point increase Increase due to Hirose Korea and increase in delivery expense etc
(%)	<i>28.2%</i>	<i>25.0%</i>	<i>(-3.4%)</i>		[Non-Operating Expenses]
Net Profit	83.3	73.9	-9.4	-11.3%	Equity Method Profit 3.3 0.0
(%)	<i>17.5%</i>	<i>15.0%</i>	<i>(+2.2%)</i>		Interest Received & Dividend 4.3 4.9
Total Assets	2,565.1	2,603.6	38.5	1.5%	Foreign Exchange Loss 5.4 0.5
Shareholders' Equity Ratio	90.4%	89.5%			
Income Per Share	234.0Yen	209.6Yen			

Half-Yearly Sales and Profits



Sales by Market

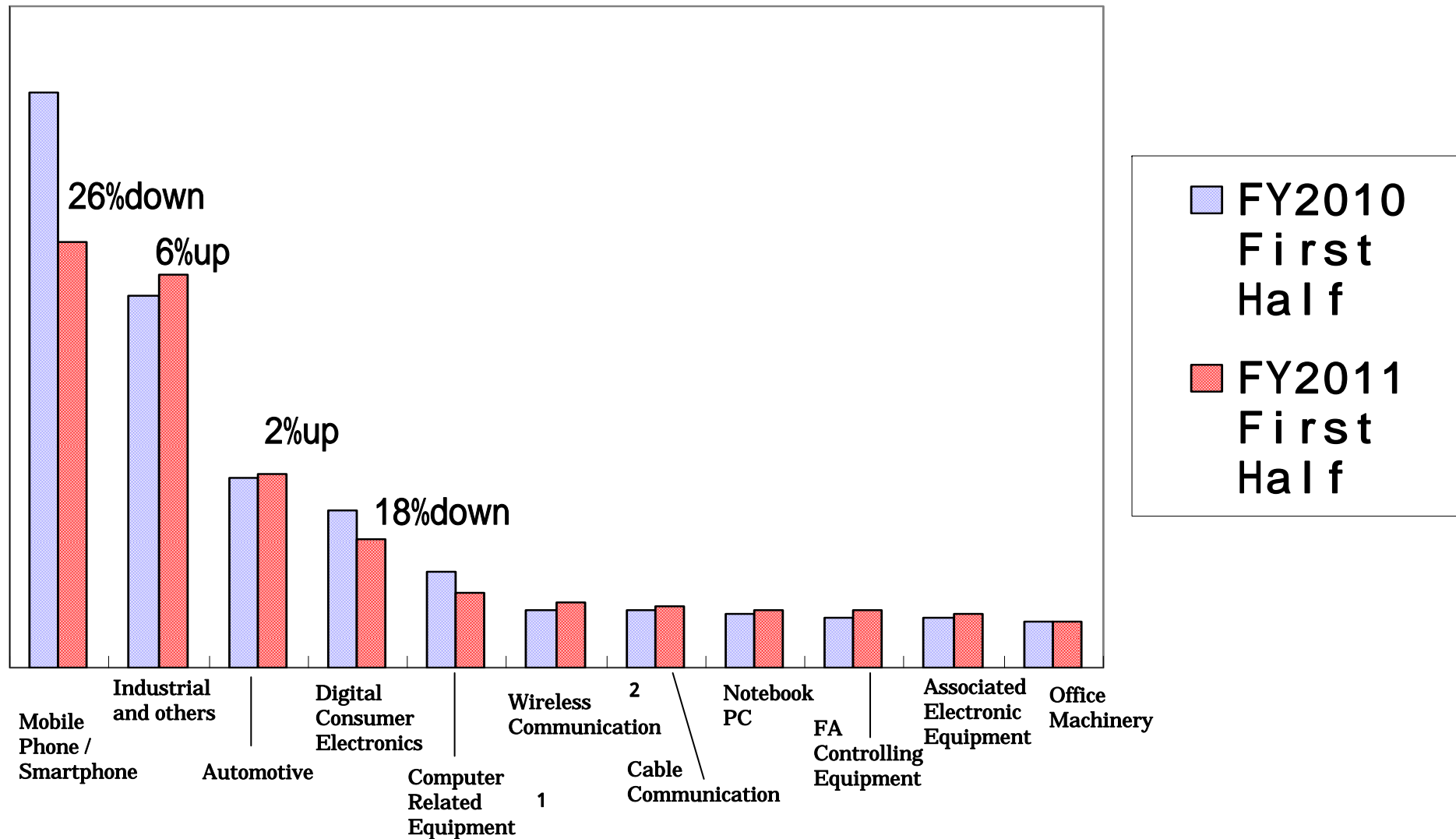


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

1 Computer Related Equipment Notebook PC not included.

2 Wireless Communication - Mobile Phone not included.

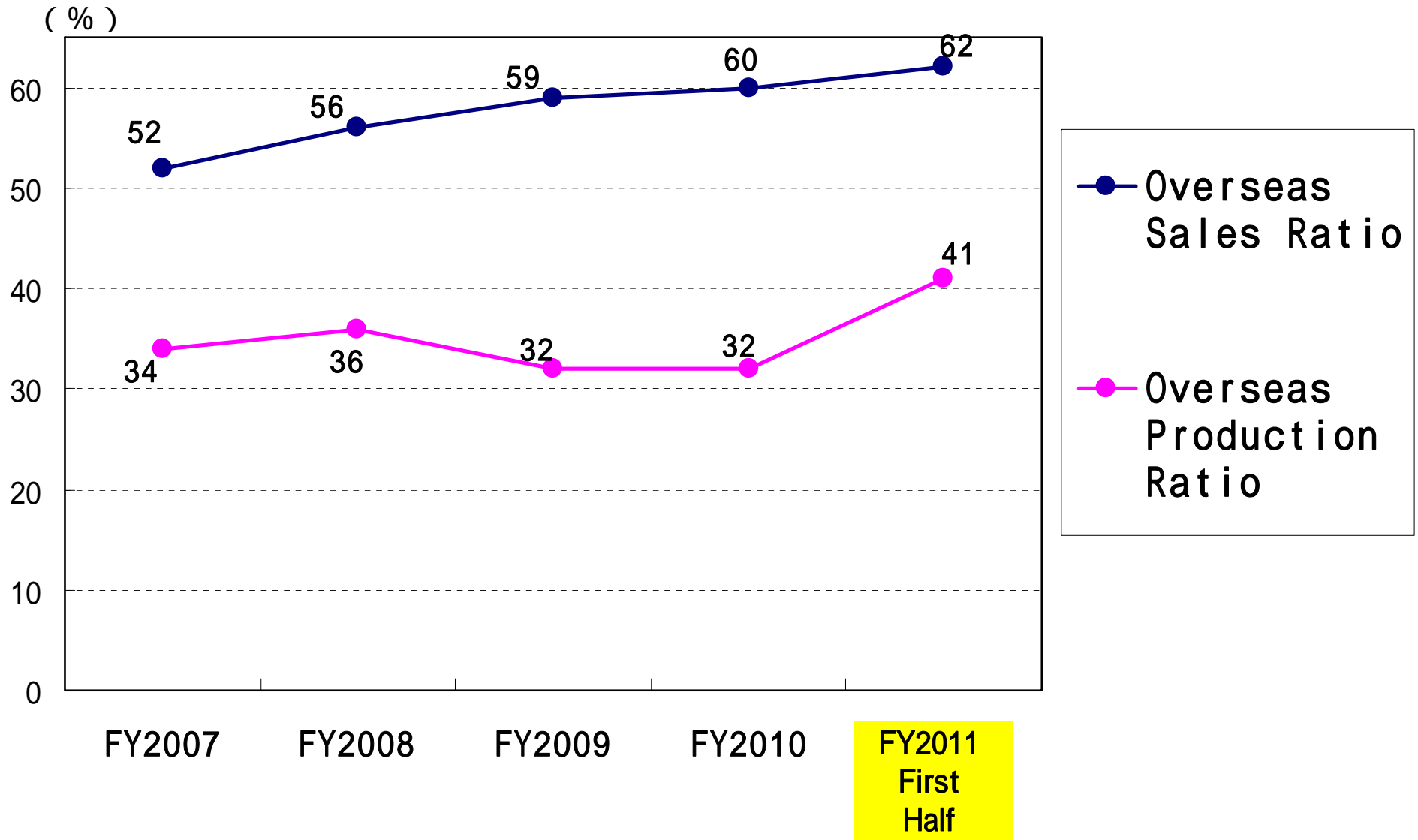
Sales Changes by Markets (in round numbers)



As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

1 Computer Related Equipment Notebook PC not included.
 2 Wireless Communication - Mobile Phone not included.

Overseas Production and Sales Ratio



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

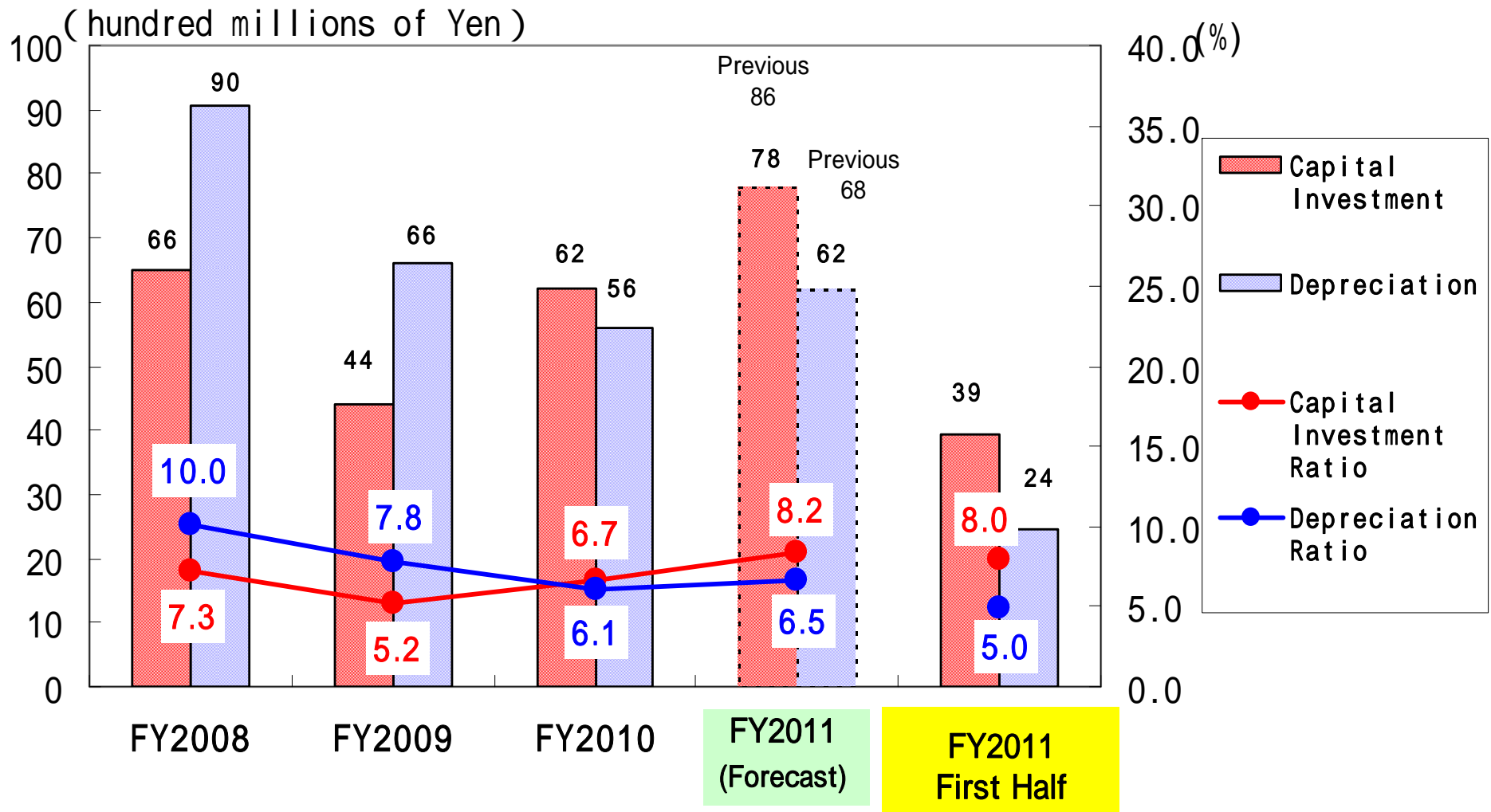
Account	(A) Mar 31, 2011	(B) Sep 30, 2011	(B) - (A)	Remark
Cash and Cash in Bank	1,094.2	1,056.8	-37.4	Dividend, Share buyback, Yokohama Center Payment, etc.
Trade Receivables	230.6	246.5	15.9	Sales increase (FY2010/4Q 224.2 FY2011/2Q 243.4 +19.2)
Inventories	72.7	77.2	4.5	Due to increase in sales and production
Investment Securities	641.6	622.5	-19.1	
Others	562.3	600.6	38.3	Increase in tangible fixed assets, etc.
Total Assets	2,601.4	2,603.6	2.2	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

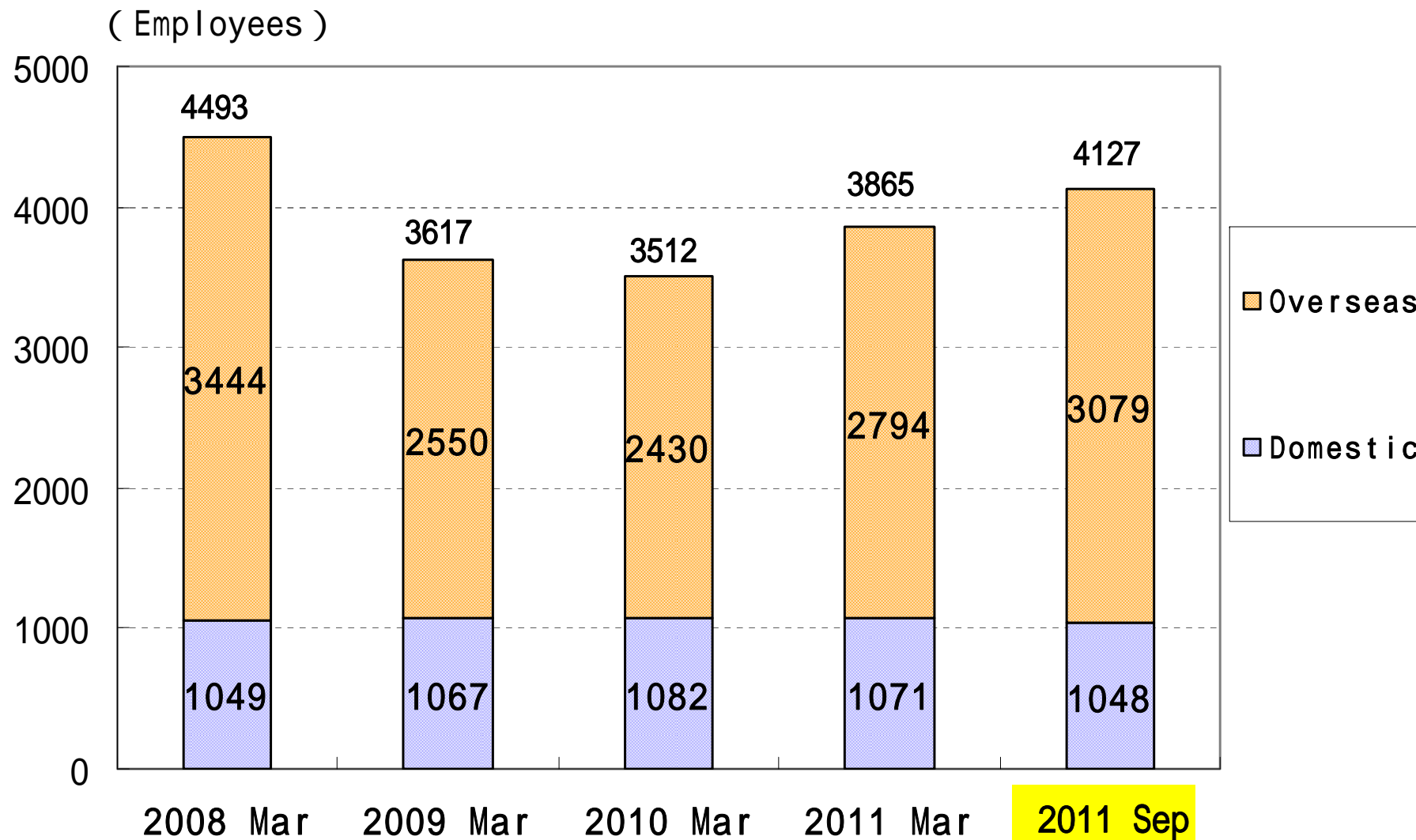
Account	(A) Mar 31, 2011	(B) Sep 30, 2011	(B) - (A)	Remark
Notes Payable and Account Payable	109.4	120.2	10.8	Purchase increase due to production increase
Income Taxes Payable, etc	40.6	44.2	3.6	
Others	75.7	82.1	6.4	Increase in account payables
Total Liabilities	225.7	246.5	20.8	
Retained Earnings	2,620.6	2,668.0	47.4	Net income 73.9 - dividend 26.5
Treasury Stocks	-493.2	-526.9	-33.7	Share buyback
Valuation Variance	21.2	21.2	0.0	
Translation Adjustment	-38.2	-68.4	-30.2	Due to strong yen
Others	265.3	263.2	-2.1	
Total Shareholders' Equity	2,375.7	2,357.1	-18.6	
Total Liabilities and Shareholders' Equity	2,601.4	2,603.6	2.2	

Capital Investment and Depreciation Change (Domestic Consolidated Basis)

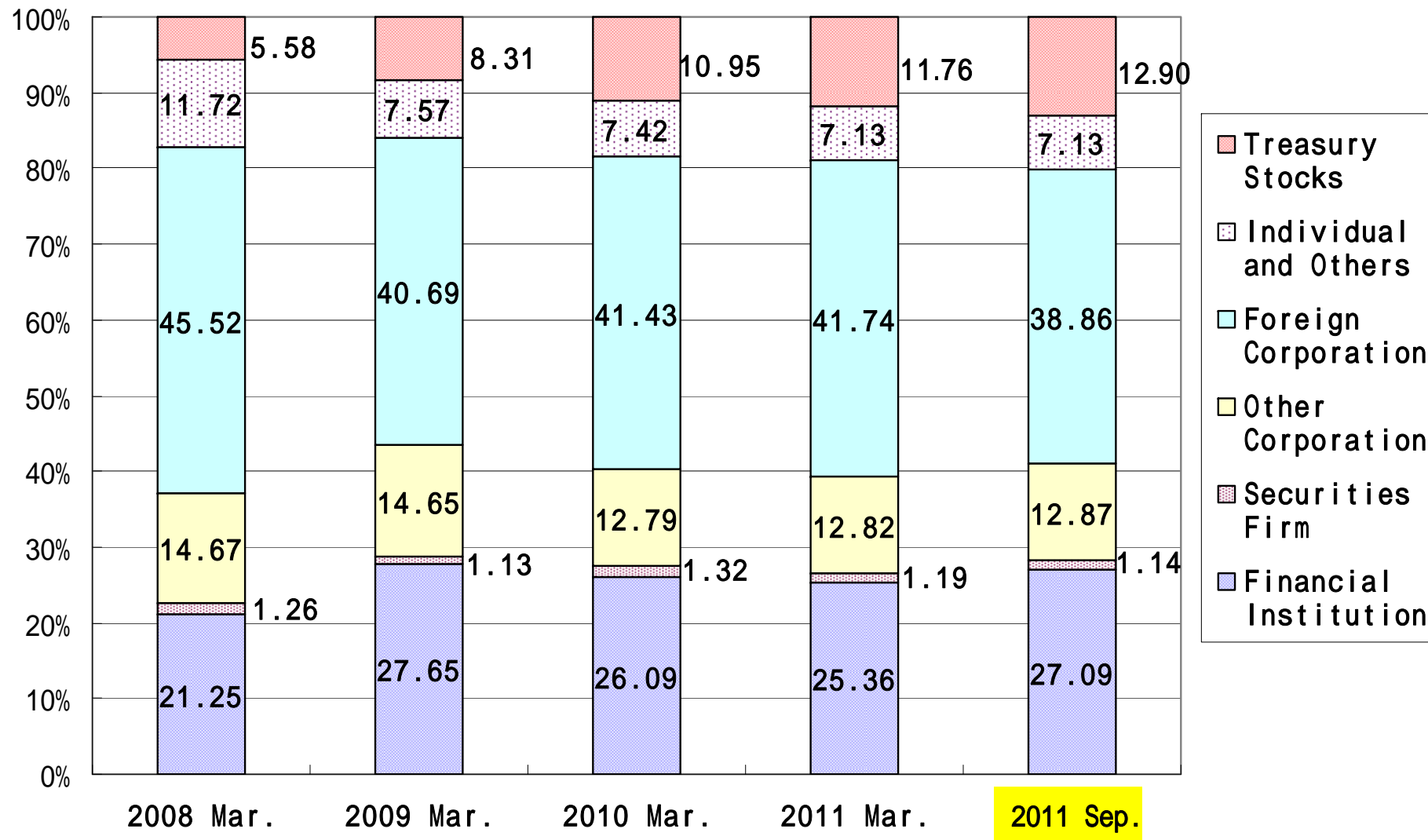


(Excluded: Building investment for Yokohama Center)

Number of Employees (financial report basis)



Distribution of Shareholders



Business Forecast for the Year Ended March 31, 2012

*Green italics number:
data announced on
Aug 2011*

note) First Half - 1Q & 2Q, Second Half - 3Q & 4Q

(hundred millions of Yen)

	FY2010 (Actual)		FY2011 (Forecast)		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales (COGS)	475.4 (54.0%)	924.4 (56.9%)	<i>495.0</i> 491.8 (57.4%)	<i>1,050.0</i> 935.0 (58.8%)	16.4	3.4%	-115.0 10.6	-11.0% 1.1%
Operating Profit (%)	131.1 27.6%	220.3 23.8%	<i>110.0</i> 116.1 23.6%	<i>250.0</i> 195.0 20.9%	-15.0	-11.4%	-55.0 -25.3	-22.0% -11.5%
Recurring Profit (%)	134.1 28.2%	227.4 24.6%	<i>115.0</i> 123.0 25.0%	<i>260.0</i> 200.0 21.4%	-11.1	-8.3%	-60.0 -27.4	-23.1% -12.0%
Net Profit (%)	83.3 17.5%	117.1 12.7%	<i>70.0</i> 73.9 15.0%	<i>160.0</i> 125.0 13.4%	-9.4	-11.3%	-35.0 7.9	-21.9% 6.7%
Income Per Share	-	330.23Yen	-	358.60Yen	[Reason for Full Year Revision] We have revised the business forecast by taking into consideration the lag in the business of partial mobile and smartphone maker, the sluggish order in industrial equipment, and the influence of the lengthening strong yen. Moreover, the forecast for the full-year dividend amount is also revised.			
Dividend Per Share	75Yen	150Yen	75Yen	130Yen				
Dividend Payout Ratio	-	45.4%	-	36.3%				

1. Purpose of Establishment

By gathering the departments of product development, production engineering, and sales and marketing, which are now dispersed around Yokohama and Tokyo, we aim to comply more swiftly with the growing market needs, intensify the high added value product's development and sales system, as well as enhance globalization.

2. Concept of the Building

- 100 years-lasting building as an ever-lasting company, that connects the 21st to the 22nd century.
- Saving the environment and energy by “Maintenance-free,” “Low running-cost” equipment.

3. Address

Yokohama-Shi Tsuzuki-Ku Nakagawachuo 2-3 (Kohoku New Town Center Area)

(Access: 7 min walks from both Yokohama-run subway “Center North” St and “Center South” St)

4. Total Amount of Investment

97.2 hundred million yen (land, building, and incidental facilities included)

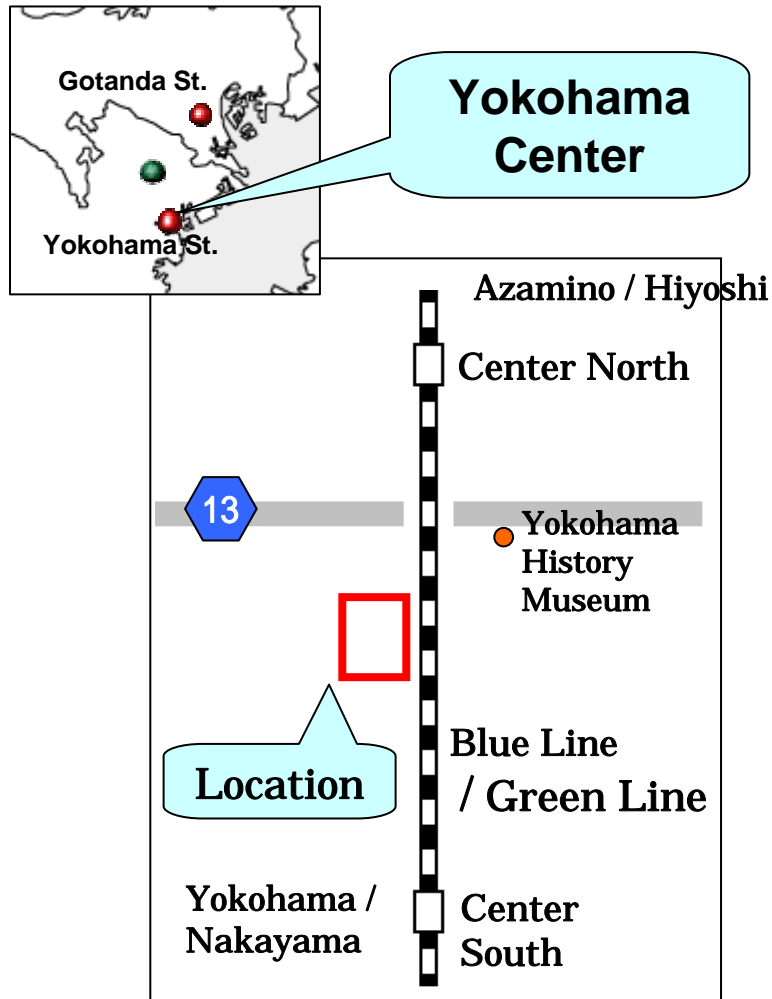
5. Start of Business

Nov, 2011 (Start of construction : Mar, 2010 End of Construction: Sep, 2011)

6. Estimated Number of Employees (First Year)

Approximately 630 employees

7. Location



8. General Building Information

(1) Building Information

Level : 6 stories above ground, 1 beneath (30.64m)
Site area : 5,710.28m²
Building area : 3,790.37m²
Total floor area : 20,137.44m²

(2) Completed Building



Yokohama-run subway, Blue Line/Green Line
Roughly midpoint of Center North station and Center South station (7 min walk)



The Exterior of the Building



Front Entrance



Entrance



First Floor Hall

A photograph of the Hirose Electric Yokohama Center building. The building is a modern structure with a dark, overhanging upper section and a ground floor with large glass windows and concrete pillars. A young tree with green leaves stands in the foreground to the right. In the bottom right corner, there is a concrete sign with the company name in Japanese and English.

▶ **“Yokohama Center”**

As it is the center of the global Hirose group as well as the central function of Hirose Japan.

ヒロセ電機 横浜センター
HIROSE ELECTRIC CO., LTD.